

FOR IMMEDIATE RELEASE:

Tuesday, March 8, 2016

CONTACT: Michelle Martin

OFFICE: (615) 770-3960

REPORT: TENNESSEE CAN SAVE MILLIONS IN FACILITIES MANAGEMENT

State, UT and TBR Agree to Independent Third Party Review of Cost Analysis

NASHVILLE, Tenn. – The Department of Finance and Administration Office of Customer Focused Government (CFG) today released a report estimating savings potential through the use of professional facilities management service providers.

“Our research indicates the state can save nearly \$36 million a year and improve the operation of its buildings,” CFG Director Terry Cowles said. “It’s incumbent on state leadership to look for better ways of doing business so we can focus taxpayer money on providing services, such as education.

“We remain committed to a collaborative process as we continue to gather information necessary for the state and other institutions to make an informed decision on service options that best meet their needs.”

Real estate, including utilities, is one of the state’s largest expenses with annual costs of approximately \$550 million. The state’s diverse real estate portfolio consists of over 7,500 structures totaling approximately 94 million square feet.

The state will now move forward with issuing a request to procure services for an independent third party to verify the report’s cost savings analysis.

The business justification report was developed through an interagency effort led by CFG that includes representation from the legislative branch, Tennessee Board of Regents, University of Tennessee, and other partner state agencies. A joint statement released in advance of the report by the state, UT and TBR emphasized the following key points captured in the document:

- Any potential contract with a professional service provider will include strict language prohibiting the successful vendor from initiating any reduction in force at any time during the contract period and no current qualified and productive employee will lose their job because of a contract.
- The final decision on whether to use a service provider rests with the various state agencies/campuses who can choose not to participate in such an arrangement even after state costs are independently verified/validated, cost proposals are received, and a final comparison of validated state costs to provider costs is complete.
- This means state agencies/campuses do not have to make any final decisions until after these additional activities are complete, which the report projects to be late 2016.
- Savings achieved by participants can be redirected at the campus/state agency level to further enhance their programs.

To access the report and read more information on the Facilities Management project visit <http://www.tn.gov/serem/section/facilities-management>.